



„LINAS“ AB
INTERIM CONSOLIDATED REPORT FOR SIX
MONTHS OF YEAR 2020



Linās AB
Company code 147689083
S. Kerbedžio 23, Panevezys

September 30, 2020

Following Art. 22 of the Law on Securities of the Republic of Lithuania and the Regulations for Drawing-up and Submission of the Periodic and the Additional Information issued by the Board of Lithuanian Bank, we, Vilita Skersienė, Director of Linas AB, and Egidijus Mikeliūnas, Head of finance dept. of Linas AB hereby confirm that to our best knowledge interim consolidated six months financial statements of year 2020 of Linas AB Group of companies were drawn following the International Financial Reporting Standards adopted for use in the European Union, and present the fair and accurate status of the consolidated assets, liabilities, financial condition and profit or loss and money flows of the Linas AB Group of companies, and that the review of activities and business development and the condition of Linas AB Group of companies together with the description of the principle risks and uncertainties it faces has been described correctly in the interim consolidated six months report of year 2020 of Linas AB. Interim consolidated financial statements were not audited, consolidated interim report was not evaluated by the auditors.

Director Linas AB

A handwritten signature in blue ink, appearing to be "V. Skersienė".

Vilita Skersienė

September 30, 2020

Head of finance dept. Linas AB

A handwritten signature in blue ink, appearing to be "E. Mikeliūnas".

Egidijus Mikeliūnas

September 30, 2020

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1. Accounting period for which the report is prepared

„Linus“ AB interim consolidated six months report is prepared for January-June months of year 2020.

2. Companies comprising the Company Group and their contact data

Principal Company data

Name	AB „Linus“ (hereinafter the Company)
Authorised (share) capital	6,971,307.10 Eur
Domicile address	S. Kerbedzio str. 23, LT-35114 Panevezys
Telephone	(8-45) 506100
E-mail address	office@linas.lt
Webpage	www.linas.lt
Legal-organisational form	Public Limited Liability Company
Date and place of registration	08-03-1993, Company Register/ City of Panevezys
Company registration number	AB 9329
Date and place of re-registration	September 9, 2004, Register of Legal Persons, Registration Certificate No. 003429.
Company code	1476 89083
VAT code	LT476890811
Legal Entity Identifier (LEI) code	52990054JBNAT4BLVY62

Principal subsidiary data

Name	UAB „Lino apdaila“
Authorised (share) capital	2,896 Eur
Domicile address	S. Kerbedzio str. 23, LT-35114 Panevezys
Telephone	(8-45) 506111
E-mail address	office@linas.lt
Legal –organisational form	Private Limited Liability Company
Date and place of registration	May 23, 2008 Register of Legal Persons, Registration Certificate No. 114552
Company code	3017 33421
VAT code	LT100004113316

3. Principal nature of activity

Principal nature of activity is production of textile products and sales.

On June 30, 2020 the Group of companies was comprised of AB “Linus” and its subsidiary company UAB “Lino apdaila”. AB “Linus” holds 100% shares of the subsidiary company. The activity of AB “Linus” is sales of linen textile items; other activity of AB “Linus” - management of financial asset (shares and granted loans), supply of thermal energy. The activity of the textile products production is carried out at the subsidiary company UAB „Lino apdaila”.

4. Contracts with intermediaries of public trading securities

On August 24, 2018 AB “Linus” has signed the service contract with AB Siauliu Bankas (company code 112025254, Tilzes str. 149, Siauliai) regarding the management of company’s stock accounting.

5. Data on trading in securities of the Company in regulated markets

The total of 24,038,990 ordinary registered shares (ISIN code LT0000100661) the total nominal value of which is 6,971,307.10 Eur are included into the Baltic trading secondary list of the Vilnius Securities Exchange (VVPB symbol – LNS1).

6. Fair review of entity's position, performance and development of the entity's business, description of the principal risks and uncertainties that it faces

Risk factors related to the activities of the issuer:

Business risk. It is a group of risks related to the environment in which the Company operates and influences the financial results of the Company: the Company's competitiveness in comparison with other manufacturers of products.

The Company faces **business risk** in its environment. Business risk is more related to the environment in which the Company operates and affects the Company's financial performance, which is the Company's competitiveness; economic viability of the Company's major customers; the political and economic environment in the European Union; legal regulations for the purchase of the main raw material.

The biggest risk faced by AB Linas is the seasonality of demand: 08-11 months average monthly turnover is up to 30% higher than in other months. As a result, the production capacity of the Group and the manufacturing companies is unequally utilized. 90-100% of the production capacity is used up in demand period, up to 70% in the following months. As a result, the company is trying to equalize production capacity by manufacturing certain products during off-peak times to increase sales during peak times. Because the company's sales are closely linked to fashion, the company faces another risk in comparing production when it comes to producing non-demand products.

Competitive risk. The Company faces competitive risks in the domestic and export markets, which is why the Company's primary objective is to increase sales to large dealers, supermarkets to produce large batches of recurring products and thus reduce production costs.

The Company faces the main financial risks, which are market risks, which can be divided into three parts: interest rate risk, exchange rate risk and commodity price risk, as well as liquidity risk and credit risk.

Currency risk. The Company operates internationally and is therefore exposed to **currency risk**. In international business, the company settles accounts in foreign currencies, which exposes it to exchange rate risk, which is mainly related to US dollars. Exchange rate risk arises from the purchase of raw materials from China as well as the export of products to the United States and other countries settling for goods in a currency other than the Company's functional currency. The main currency in which the Company reports is Euro.

The Company's operating income and expenses are largely independent of changes in market interest rates. However, the Company faces interest rate risk due to long-term loans. In order to determine the impact of interest rates on the Company's results of operations, it is necessary to identify the positions that give rise to interest rate risk. Assets and liabilities that are sensitive to changes in interest rates include actual transactions of the Company such as: investments, loans granted and any other on-balance-sheet and off-balance-sheet transactions that are subject to fixed or variable interest rates and are positively correlated with interest rate fluctuations. The Company does not use any financial instruments to hedge against interest rate risk.

Credit risk. In order to avoid customer / buyer non-payment, before signing the contract of sale or sale, the responsible manager or market manager minimally checks the financial / economic situation of the Buyer in public sources (various bases, registers, etc.). Concentration of buyers may affect the Company's overall credit risk as these buyers may be similarly exposed to changes in economic conditions. The company has procedures in place to ensure that sales are made within the accepted credit risk limits, that is, the company evaluates the reliability of each customer when selling or purchasing goods or services. Sales of products (unloading of goods) within the company are started if there is a 90-100% payment guarantee. The company has various payment methods / guarantees, such as: 100% prepayment; credit insurance; pledging of liquid real estate (value is determined by property appraisers); Bank Guarantor (Bank Guarantee - a security for a

settlement, but not a settlement instrument. It is triggered when a payment is not made); documentary letter of credit (L / C); mostly used trade credit limit insurance; collection of documents.

The company pays for the goods and services purchased on time, and evaluates, ranks, determines their reliability, i.e. what kind of hedging they can require, credit line and intraday credit, and constantly monitors their payments. Because this type of risk is extremely well-managed, the company does not have any major new bad debts and can therefore plan its cash flow more easily.

Purchasing and supplier risks. Purchases of goods (basic, auxiliary materials, parts, equipment, etc.) and services in the company are carried out through public and restricted tenders or by sending inquiries to suppliers of services or goods. The supplier of the goods or services is usually selected from at least two offers submitted. The Company has procedures for identifying and analyzing **purchasing and supplier risk** factors.

Liquidity risk. It is the Company's policy to maintain cash and cash equivalents or secure funding to meet its strategic plans and commitments. The Company's liquidity is determined by the ratio of assets to liabilities.

The Company manages its **liquidity risk** by planning cash flows that facilitate cash management and, if they are lacking, easier financing.

The Company's conservative management of liquidity risk enables cash to be maintained and the Company strives to maintain funding flexibility. Liquidity risk management within the company includes cash flow forecasting. The more complete and accurate this forecast is, the better the firm's liquidity management. Payment deferrals for goods sold range from 14 to 30 days, in rare cases up to 60-90 days. It takes an average of thirty days for suppliers of goods and services and 15-60 days for suppliers of raw materials. This cash flow forecast predicts your immediate cash receipts and payments and allows you to plan short-term borrowing and investing. At the end of the current year, the budget for the following year is established. Long-term forecast (over a year) is part of strategic business planning. These cash flow forecasts provide information about the amount of cash surplus and lack, when the cash surplus or lack will occur, how long the cash surplus or lack will last, how the excess cash will be used, or the need will be funded.

Reputation risk. These risks are related to the decisions made by the Company and the behavior of employees.

Reputational risk is important to the company. The company values its reputation and reputation and takes measures to reduce reputational risk. The Company was approved a Code of Ethics. The Code of Ethics establishes standards of conduct for all Group employees, regardless of their position, scope of employment, etc.

Operational risk. It is the widest group of risks covering the risks related to the activities within the Company, including the safety, reliability, legal basis, and security of internal processes and operations.

Operational risk is the risk of an increase in loss, loss of goodwill, loss of confidence, which may be caused by external environmental factors (eg natural disasters, criminal acts of third parties, etc.) or internal factors (eg inefficiency and management, use, deficiencies in internal control, ineffective procedures, malfunctions of information systems, inadequate allocation of functions or responsibilities, etc.).

In order to manage operational risk, the Company implements appropriate organizational measures, procedures and information systems supporting business processes, all of which must ensure the proper functioning of the internal control system and proper cooperation with related third parties. The Company applies the following key elements of internal control: separation of business decision making and control functions, procedures for controlling the accounting of operations execution, limits and control of decision-making powers, making collegial decisions in business processes and so on.

Representatives of potential and existing clients visited the company to carry out independent audits and positively evaluate the state of the existing infrastructure, the organization of key operational and safety processes, the cooperation with interested third parties and the control system established.

The preparation of the Company's financial statements, internal control and financial risk management systems, and compliance with legal acts governing the preparation of financial statements are overseen by the Audit Committee. The Company is responsible for overseeing the preparation of the financial statements.

7. Information about the activity results of the Group

During the Ist half of year 2020 AB "Linās" Company Group sold products and services for 6.07 million Eur. Compared to the results of the Ist half of year 2019 the incomes of sales decreased 0.577 million Eur or 8.68 %.

Item	Unit	I st half of year 2020	I st half of year 2019
Sales	Thousand Eur	6.074	6.651
Profit before taxes	Thousand Eur	67	112

During the Ist half of year 2020 the Group's sales and production volumes decreased compared to the same period last year due to local and foreign trade restrictions imposed during the global pandemic.

EBITDA of Ist half of year 2020 was 0,15 mln. EUR when EBITDA of January-June of year 2019 EBITDA was 0,17 mln. EUR.

More information about the activity and financial results of Ist half of year 2020 of the Group is presented in the interim consolidated financial accountability of six months of year 2020 of AB "Linās".

8. Main events of the accounting period

During 20 December, 2019 – 3 January, 2020 own shares acquisition through AB "Nasdaq Vilnius" Stock Exchange and 9 January, 2020 – 24 January, 2020 and 2 March, 2020 – 10 April, 2020 own shares acquisitions through AB "Šiaulių bankas" on a commission basis was acquired 551,870 shares, which are 2.3% of all shares.

On 14 April, 2020 The Board of the Company decided for an indefinite period suspend the second stage of repeat acquisition of the Company's shares, which according to the Board decision made on 24 February 2020, should started in 15 April 2020 and end in 29 April 2020.

On 17 April 2020 and on 27 April 2020 AB „Linās“ got 370 thousands EUR from subsidiary UAB „Lino apdaila“.

According to the decision of the Board of AB "Linās", on 17 April 2020 AB „Linās“ and UAB „Verslo dizainas“ sign loan agreement and according this agreement got 1.33 mill. EUR to cover short-term debts.

Resolutions of AB "Linās" Repeated Annual General Meeting of Shareholders dated May 15, 2020:

1. The net profit of accounting year 167,792 Eur. Inappropriate profit of the previous financial year – 553,510 Eur. Share of profit set for the mandatory reserve 8,390 Eur. Inappropriate profit of accounting year – 712.912 Eur - transferred to other financial year.
2. Remuneration policy of collegiate bodies and managers of AB "Linās" is approved.
3. It is made decision to extend the period of provision of audit services with the provider of this service - UAB AUDITO SPRENDIMAI.

9. Important events after the end of the accounting period

During 25 June, 2020 – 9 July, 2020 and 16 July, 2020 – 30 July, 2020 own shares acquisitions through AB "Nasdaq Vilnius" Stock Exchange and 3 August, 2020 – 28 August, 2020 own shares acquisition through AB "Šiaulių bankas" on a commission basis was acquired 302,039

shares, which are 1.26% of all shares. After own shares acquisition AB “Linās” holds 853,909 shares or 3.55 per cent of its own shares.

10. References and additional explanatory notes regarding the date provided in the consolidated financial statements

The financial statements have been prepared following the International Financial Accounting Standards. The data provided in the six months financial reporting statements and in the explanatory note are sufficient and comprehensive.

11. Operating plans and forecasts of the Company Group

In 2020 the Group of Linās, AB plans to produce linen products to customers which put value upon combination of naturalness and modernity. Companies of the Group will vouch for reliable partnership with customers and suppliers; also will vouch for safe environment to employees as before. The main objectives of the Group are: to increase volume of sales, expanding market in foreign countries and Lithuania, and to decrease cost price of production, optimizing expenses of production, buying cheaper raw materials.

12. Information about research and development activities of the Company Group

The Company Group was not carrying out activities related to research and development.

13. Information about financial risk management objectives, its measures for hedging major types of forecasted transactions for which hedge accounting is used, and the Company Group’s exposure to the scope of price risk, credit risk, liquidity risk and cash flow risk where the Company Group uses financial instruments and where this is of importance for the evaluation of the Group’s assets, equity capital, liabilities, financial position and performance results.

The Company Group was not using the financial instruments which are of importance for the evaluation of the Group’s assets, equity capital, financial position and performance results.

14. Information about branches and representative offices of the Company

The AB „Linās“ does not have any branches or representative offices.

15. Company’s structure of authorised capital and encumbrances for transfer/disposal of said securities

The authorised capital registered in the company register of the Republic of Lithuania is equal to 6 971 307,10 Eur.

The structure of the authorised capital of the AB „Linās“ according to types of shares is as below:

Type of shares	Number of shares	Nominal value (Eur)	Total nominal value	Percentage in the authorised capital
Ordinary registered shares	24,038,990	0.29	6,971,307.10	100.00
Total:	24,038,990	-	6,971,307.10	100.00

All shares of the AB „Linās“ have been paid in full and they are not subject to any encumbrances for transfer/disposal of said securities.

The shares of the Company present the same property and non-property rights and liabilities according to the indications of Joint Stock Company’s law.

16. Information about the own shares acquired and held by the Company and the Group and the same acquired and transferred during the reporting period

During the reporting period AB “Linās” acquired 551,870 shares or 2.30 per cent of its own shares. At the end of reporting period AB “Linās” owned 551,870 shares or 2.30 per cent of its own shares. The Company’s subsidiary hadn’t buy or sell Company’s shares during the reporting period.

17. Shareholders

The total number of shareholders of the AB „Linus“ at June 30, 2020 was 1,019.

The shareholders who hold or control more than 5 per cent of authorised capital of the Company acc. to the data of June 30, 2020 were:

Shareholder's name, surname, company's name, type, domicile address, code in the Register of Enterprises	Number of ordinary registered shares held on property ownership right (pcs.)	Percentage of authorised capital held	Percentage of votes granted by the shares held on property ownership right	Percentage of votes held together with the persons acting together
Association "EEEE", Savanoriu pr. 192, Kaunas, code in the Register of Enterprises 302572729	5,564,579	23.15%	23.15%	23.15%
Roocero Associated Limited, 35 Barrack Road, Belize City, Belize, code in the Register of Enterprises 106446	5,406,533	22.49%	22.49%	22.49%
Danelika Services Limited, 3 Michael Koutsofta street, Limassol, Cyprus, code in the Register of Enterprises HE289213	4,156,585	17.29%	17.29%	17.29%
"Rivena", UAB, P. Zadeikos g. 13-35, Vilnius, code in the Register of Enterprises 302521510	2,423,030	10.08%	10.08%	10.08%

None of the shareholders of the Company have any special control rights. All shareholders have equal rights, so the number of shares of AB „Linus“ carrying votes at the general meeting of shareholders is 24,038,990.

The Company has not been notified any agreements between the shareholders due to shareholders could be consider acting together or the transfer of securities and/or voting rights could be encumbered.

18. Employees

The average number of listed employees in AB „Linus“ Company Group on the Ist half of year 2020 was 122. On the Ist half of year 2019 this average was 133. During the year the average number of employees decreased by 11 or 8.27 %. Decrease in the number of employees was due to the refusal to keep accounting by ordering this service from a company providing accounting services. Also, by optimizing the administration of employees and the need for employees, the number of employees of AB Linas and its subsidiary UAB Lino apdaila was reduced by replacing them by hiring employees from a company providing such services.

Employees	I st half of year 2020		I st half of year 2019	
	Average number of listed employees	Average salary/wage, Eur	Average number of listed employees	Average salary/wage, Eur
Management personnel	5	2,746	6	2,606
Specialists and clerks	37	1,146	37	1,219
Workers	80	802	90	713
Total	122	986	133	939

The wages to the employees of the Group were paid observing the confirmed labour payment regulations, the Law on labour safety and health and other laws of the Republic of Lithuania and decisions by the Government. Average calculated wage in the Ist half of year 2020 was 986 Eur and compared to the Ist half of year 2019 increased by 5.01 %. (in the Ist half of year 2019 - 939 Eur).

The Collective Agreement in AB “Linas“ Group of companies indicates:

1. One-off irremovable pay is paid:
 - when employee of the company dies and the family of employee grows children (adoptive) till 18 years old, also the oldest if they are studying at secondary schools at day shift, at professional or higher schools at day shift (including the period of academic holidays), but no longer till 24 – 6 base social pays;
 - when spouse of company’s employee dies and the family of employee grows children (adoptive) till 18 years old, also the oldest if they are studying at secondary schools at day shift, at professional or higher schools at day shift (including the period of academic holidays), but no longer till 24 – 6 base social pays.
2. Additional paid holidays:
 - up to 3 calendar days in case of death of a family member (parents, husband, wife, child, brother, sister);
 - 1 calendar day for the marriage.
3. The employees who must undergo compulsory medical examination shall be paid average wage for the time spent for such medical check-up. The employer shall also cover all the costs related to such medical checkups.

19. Procedure for amendment of the Articles of association of the Company

The Law on Companies of the Republic of Lithuania provides that the right to amend the Articles of Association shall be vested exclusively in the general meeting of shareholders. Adoption of amendment of the Articles of Association requires 2/3 majority vote of the shareholders attending the meeting.

20. Management bodies of the Company

As determined by the Articles of Association of AB “Linas” the management bodies of the Company are:

- General meeting of shareholders;
- Supervisory Council of AB „Linas“;
- The Board of AB “Linas”;
- Head (Director) of AB “Linas”.

The Supervisory Council shall not be formed.

General meeting of the shareholders is the highest body of the company.

Only General meeting of the shareholders has the right to:

- change the regulations of the company, except the exceptions indicated by Joint Stock Company's law of Lithuanian Republic;
- to elect and revoke members of the Supervisory Council;
- to elect and revoke a certified auditor or audit firm intended to carry out an audit of a set of annual financial statements, to establish terms and conditions of payment for audit services;
- to approve the set of annual financial statements;
- to confirm the set of intermediate financial reports which is done in order to achieve the decision regarding the pay of dividends for the period shorter than financial year;
- to make a resolution on allocation of dividends for a period of less than a financial year;
- to take the decision to increase the authorized capital;
- to indicate the shares class, number and nominal value of issued company's shares and the minimal price of the emission;
- to take the decision to cancel the priority right to all shareholders to obtain company's shares of concrete emission or convertible bonds;
- to take the decision to decrease authorized capital, except the exceptions indicated in Joint Stock Company's law of Lithuanian Republic;
- to take the decision to issue convertible bonds;
- to take the decision to convert company's one class shares into the other class, to confirm the order of shares convert;
- to take the decision to obtain own shares for the Company;
- to take the decision to liquidate the company, to cancel the liquidation of the company, except the cases indicated in Joint Stock Company's law of Lithuanian Republic;
- to elect and to cancel company's liquidator, except the cases indicated in Joint Stock Company's law of Lithuanian Republic;
- to take the decision regarding company's reorganization or separation and to confirm the conditions of reorganization or separation;
- to take the decision to reorganize the company;
- to take the decision to shake-up the company;
- to take the decision regarding the allotment of profit (loss);
- to take the decision regarding the reserves making, using, decreasing or cancelling.

General Meeting of shareholders can also solve other questions, which are not attributed to the competence of other company's bodies according to Joint Stock Company's law of Lithuanian Republic, and if they are not the function of other managing bodies.

The call order of General meeting of shareholders of the company doesn't differ from the order indicated in Joint Stock Company's law of Lithuanian Republic.

The Supervisory Council is a Collegial Body supervising company's activities. The Supervisory Council is headed by a chairman. The Supervisory Council shall be composed of 3 members. The Supervisory Council shall be elected and revoked by the general shareholders' meeting. The procedure of election and revocation of the Supervisory Council shall agree with provisions of the Law on Companies of the Republic of Lithuania.

The Supervisory Council shall be appointed for a four-year period. The Supervisory Council shall perform its functions within the period fixed in the Articles of Association or until a new Supervisory Council is elected, but not longer than until the ordinary general shareholders' meeting that is held in the year of expiry of cadence of the Supervisory Council. Number of cadences of a member of the Supervisory Council is not limited. The Supervisory Council shall elect a chairman of the Supervisory Council of its members.

The members of the Supervisory Council for their activity can get the bonuses acc. to the order indicated in the article No.59 of the law of Stock Companies. Competence and decision-making of the Supervisory Council shall agree with provisions of the Law on Companies of the Republic of Lithuania.

The order of call of the Supervisor's Meeting, voting in the Meeting of the Supervisor's Council and acceptance of decisions is not differ from the one which is indicated in the law of stock companies of Lithuania Republic. The meetings of the Supervisory Council should be recorded.

The procedure of work of the Supervisory Council shall be established by the rules of procedure adopted by the Supervisory Council.

The Board is the collegial management body of the company. The Board is elected by the Supervisory Council according to the order indicated in Joint Stock Company's law of Lithuanian Republic. If single members of the Board are elected, so they are elected only up to the end of existing Board cadence. The Board consists of 3 members for 4 years. The chief of the Board is elected by the Board from its members. The working order of the Board is indicated in the accepted work regulation of the Board.

The Supervisory Council can cancel all the Board or its single members if there cadence is still not over. The member of Board can resign from his post even if the cadence is still not over and to inform the company in written not later 14 days.

The competence of the Company's Board the procedure of it election and dismissal are not different from the same provided for in the Law on Companies of the Republic of Lithuania.

The Board shall consider and confirm:

- Activity strategy of the Company;
- Activity report of the Company;
- Organisation/management structure of the Company and list of positions;
- List of positions to which the employees are admitted following selection procedure;
- Regulations of branches and representative offices of the Company.

The Board shall elect the head of the Company and fix his salary, other terms and conditions of the employment contract with him, confirm his job description, apply motivation and disciplinary measures.

The Board shall decide on the information to be treated as commercial (production) secret of the Company.

The Board shall adopt:

- Decisions on becoming the founder or member of other legal persons;
- Decisions on establishing branches and representative offices of the Company;
- Decisions regarding the buying of long-term asset, investment, transfer, lease, mortgage and hypothec;
- Decisions regarding the sponson or guarantee of liabilities execution of other;
- Decisions regarding the support providing;
- Decision to reorganise the Company in cases provided for in Law on Reorganisation of Companies;
- Other decisions attributed to the competence of the Board by the Articles of Association or by resolutions of the General meeting of shareholders;

Before investing the funds or other assets into other legal persons the Board must notify the creditors with who the Company has not settled accounts in the event the total outstanding amount to such creditors is exceeding 1/20 of the authorised capital of the Company.

The Board shall analyse and assess the materials presented by the head of the Company concerning:

- Implementation of the strategy of Company's activities;
- Organisation of company's activities;
- Financial condition of the Company;
- Results of business activities, budgets for income and expenses, data of stocktaking and other changes related to assets of the Company;

- A project of a set of company's annual and interim financial statements as well as a project of distribution of profit (losses) and submit them to the Supervisory Council and the general shareholders' meeting accompanied by comments, relevant offers, and the annual report of the company;
- A project of allocation of dividends for the period of less than a financial year and a set of interim financial statements submitted for its approval, and submit them to the Supervisory Council and the general shareholders' meeting accompanied by comments, relevant offers, and the interim report of the company.

The competence of company's director, the order of his election or cancelation is not differ from the order indicated in Joint Stock Company's law of Lithuanian Republic.

Director of the company:

- organizes daily activity of the company, hires or fires employees, makes and terminates job contracts with them, motivates employees or signs penalties for them;
- indicates calculation normative of property deterioration of the company;
- acts in the name of the company and has the right to sign contracts autocratically;
- has to secure company's commercial (production) secrets which he knew being at this post;
- presents the questions to discuss to the Board of the company and to General Meeting of shareholders;
- represents the company at the court, in relationships with other juridical and physical persons;
- presents the authorization to other persons to execute ions which are at his competence;
- perform other functions established by the laws, other regulations of the Republic of Lithuania as well as by company's Articles of Association and job descriptions.

Director of the company is responsible for:

- organization of company's activity and execution of its goals;
- preparation of the set of annual financial statements and the annual report of the company;
- preparation of a resolution on the project of allocation of dividends for the period of less than a financial year, preparation of the set of interim financial statements and the interim report intended to adopt the resolution on the project of allocation of dividends for the period of less than a financial year;
- conclusion of an agreement with an auditor or an audit firm;
- presentation of information and documents for General Meeting of shareholders, for the Supervisory Council, for the Board, in the cases indicated in Joint Stock Company's law of Lithuanian Republic or according their request;
- presentation of company's documents and data to the manager of juridical persons register;
- presentation of company's documents to the Securities Commission and to Central Security Depository of Lithuania;
- public announcement of information, indicated in Joint Stock Company's law of Lithuanian Republic, in newspaper "Lietuvos rytas";
- presentation of information to shareholders;
- presentation of all necessary documents which are indicated in the contract with an auditor or an audit company for concrete inspection;
- other post execution indicated in Joint Stock Company's law of Lithuanian Republic and other laws and regulations, also in regulations of the company and in job description of company's manager.

According to the decision of General meeting of Shareholders the Audit committee is formed at AB „Linās“. Company’s Audit committee consists of three members, two of which should be independent. General Meeting of shareholders elect or cancel members of Audit committee according to the offer of company’s Board. The cadence period of the audit committee - four years. Continuous cadence period of the member of Audit committee could not be longer than twelve years.

Main duties of Audit committee:

- to present recommendations to company’s Supervisory Council in relation with selection, nomination, repeated nomination and cancellation of external audit company and to present the contract conditions with audit company;
- to watch the execution process of external audit;
- to watch how external auditor keeps to the principles of objectivity and independence;
- to watch the preparation process of company’s financial reports;
- to watch the system effectiveness of Company’s internal control, risk management and internal audit, if it is working in the company;
- to execute other functions indicated in Lithuanian Republic laws and to keep providing recommendations of management codex of companies listed at Vilnius NASDAQ OMX.

21. Data about the Supervisory Council, the Board and Audit committee members and administration of the Company

VIRGINIJUS KUNDROTAS – independent member of the Supervisory Council. Director of UAB “Integral Leadership Initiatives” (company code 302339130, M. Sederavičiaus St. 11, Kaunas). Head of Baltic Management Development Association (company code 135963288, E. Ožeškienės St. 18, Kaunas). Does not hold shares of the Company.

DARIUS KAZLAUSKAS – independent member of the Supervisory Council. Commercial Director of UAB “Parnidis” (company code 300080024, Kampo g. 25-40, Kaunas). Does not hold shares of the Company.

ARŪNAS KETRYS – independent member of the Supervisory Council, chairman of Council. Deputy director of Alba UAB (company code 132713272, Neries kr. 16, Kaunas). Does not hold shares of the Company.

Members of the Supervisory Council were elected on May 16, 2017 by the General meeting of shareholders for four periods in office.

EGIDIJUS MIKELIŪNAS – Chairman of the Board and head of finance department. Holds 0,1 % shares of the Company.

VILITA SKERSIENĖ – member of the Board. Head of administration of the Company. Does not hold shares of the Company.

RENATA RAILIENĖ – member of the Board. Director of subsidiary UAB “Lino apdaila”. Does not hold shares of the Company.

Members of the Board were elected on July 08, 2017 by the Supervisory Council for four periods in office.

VANDA NEKRAŠAITĖ – Chief of accountant of the Company until 10 april, 2020. Does not hold shares of the Company.

The members of the management bodies of AB „Linās“ have never been convicted for property, business or financial offences.

Information about total amounts and averages per person of the salaries and annual payments from profit paid during the reporting period to the members of the Supervisory Council, the Board and head of administration:

Indicator	Salary for I st half of year 2020 (Eur)	Payment from profit for I st half of year 2020 (Eur)	Other payments from profit (Eur)	Total (Eur)
Average per member of the Supervisory Council	-	-	-	-
Total for all members of the Supervisory Council	-	-	-	-
Average per member of the Board	-	-	-	-
Total for all members of the Board	-	-	-	-
Average per member of administration	26 846	-	-	26 846
Total for all members of administration	53 692	-	-	53 692

Members of Audit committee were elected for four years cadence during General meeting of shareholders on November 09, 2017. Authorizations are granted to the members of Audit committee and their executing functions are according to regulations of Audit committee.

ANA SIRIENĖ – independant member of Audit committee, chairman of the committee. Certified Internal Auditor. MB ELSAN Owner. Does not hold shares of the Company.

LINA BELICKIENĖ – independant member of Audit committee. Senior accountant of Panevėžio miesto greitosios medicinos pagalbos stotis UAB since year 2008. Does not hold shares of the Company.

LINA LIESYTĖ – member of Audit committee. Senior accountant of AB “Linus” since year 2008. Does not hold shares of the Company.

22. All material agreements to which the Company is a party and which would come into effect, be amended or terminated in case of change in the Company’s control, also their impact except the cases where the disclosure of the nature of the agreements would cause significant damage to the Company

None.

23. All agreements of the Company and the members of its management bodies or the employee agreements providing for a compensation in case of the resignation or in case they are dismissed without due reason or their employment is terminated in view of the change of control of the Company

None.

24. Information on the significant transactions between related parties

During six months of year 2020 there were no related parties’ contracts which could make large influence on financial situation or activity of the Group. All information regarding related parties contracts will be presented in the notes of explanatory memorandum of annual financial accountability.

25. Information about companies’ compliance to management codex

Company report about compliance to management codex of companies which are listed at Vilnius NASDAQ OMX was publicly announced and presented together with the consolidated annual report of year 2019. There were no changes in the information about companies’ compliance to management codex during Ist half of year 2020.

26. Data about publicly disclosed information

During January – June of year 2020 the Company announced following essential events:

2020.01.29 Results of acquisition (purchasing) of own shares of AB “Linus”

2020.02.25 Regarding acquisition (purchasing) of own shares of AB “Linus”

2020.02.29 Activity results of twelve months of year 2019 of company AB “Linus” Group of companies. AB “Linus” not audited consolidated interim information of twelve months of year 2019

- 2020.03.31 AB “Linās” the Ordinary General Meeting of Shareholders convocation
- 2020.03.31 Information on the impact of coronavirus (COVID-19) on AB Linās activities
- 2020.04.02 Correction: AB “Linās” the Ordinary General Meeting of Shareholders convocation
- 2020.04.09 Draft Resolutions of the Annual General Meeting of Shareholders
- 2020.04.14 Regarding suspending acquisition (purchasing) of own shares of AB “Linās”
- 2020.04.15 Results of acquisition (purchasing) of own shares of AB “Linās”
- 2020.04.30 Draft Resolutions of the Repeated Annual General Meeting of Shareholders
- 2020.04.30 AB “Linās” General Meeting of Shareholders didn’t take place
- 2020.05.15 Activity results of year 2019 of AB “Linās” and the Group of companies
- 2020.05.15 Resolutions of the Repeated Annual General Meeting of Shareholders
- 2020.05.30 Activity results of three months of year 2020 of company AB “Linās” group of companies. AB “Linās” not audited consolidated interim information of three months of year 2020
- 2020.06.23 Regarding resume of acquisition (purchasing) of own shares of AB “Linās”

All information on material events made public during 2020 is available on the AB “Linās” webpage www.linās.lt.

Director



Vilita Skersienė



LINAS AB
INTERIM CONSOLIDATED
FINANCIAL STATEMENTS
OF THE SIX MONTHS OF 2020

2020 06 30

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Formulated according to TFAS, not audited

Current period 01 01 2020 - 30 06 2020

EUR

Article No.	Article	2020-06-30	2019-12-31
	Assets		
A.	Fixed assets	3,116,163	3,437,671
1.	Intangible assets	45,671	46,430
1.1.	Assets arising from development	-	-
1.2.	Goodwill	-	-
1.3.	Software	44,571	46,430
1.4.	Concessions, patents, licenses, trademarks and similar rights	-	-
1.5.	Other intangible assets	-	-
1.6.	Advance payments	1,100	-
2.	Tangible assets	1,685,719	2,018,705
2.1.	Land	-	-
2.2.	Buildings and structures	1,221,122	1,274,217
2.3.	Machinery and plant	10,938	267,003
2.4.	Vehicles	66,293	87,787
2.5.	Other equipment, fittings and tools	13,466	15,797
2.6.	Investment property	373,901	373,901
2.6.1.	Land	373,901	373,901
2.6.2.	Buildings	-	-
2.7.	Advance payments and tangible assets under construction (production)	-	-
3.	Financial assets	1,384,763	1,372,525
3.1.	Shares in entities of the entities group	-	-
3.2.	Loans to entities of the entities group	-	-
3.3.	Amounts receivable from entities of the entities group	-	-
3.4.	Shares in associated entities	-	-
3.5.	Loans to associated entities	1,370,279	1,352,519
3.6.	Amounts receivable from the associated entities	14,194	19,716
3.7.	Long-term investments	290	290
3.8.	Amounts receivable after one year	-	-
3.9.	Other financial assets	-	-
4.	Other fixed assets	11	11
4.1.	Assets of the deferred tax on profit	11	11
4.2.	Biological assets	-	-
4.3.	Other assets	-	-
B.	Current assets	8,341,302	7,395,331
1.	Stocks	5,167,089	5,715,047
1.1.	Raw materials, materials ir consumables	2,703,752	3,397,857
1.2.	Production and work in progress	21,067	44,719
1.3.	Finished goods	2,181,812	2,077,561
1.4.	Goods for resale	2,409	2,730
1.5.	Biological assets	-	-
1.6.	Fixed tangible assets held for sale	60,000	-
1.7.	Advance payments	198,049	192,180
2.	Amounts receivable within one year	803,041	1,298,837
2.1.	Trade debtors	693,042	1,072,473
2.2.	Amounts owed by entities of the entities group	-	-
2.3.	Amounts owed by associates entities	-	-
2.4.	Other debtors	109,999	226,364
3.	Short-term investments	-	-
3.1.	Shares in entities of the entities group	-	-
3.2.	Other investments	-	-
4.	Cash and cash equivalents	2,371,172	381,447
C.	Prepayments and accrued income	14,305	46,624
	Total assets	11,471,770	10,879,626

Article No.	Article	2020-06-30	2019-12-31
	Equity and liabilities		
D.	Equity	8,372,204	8,360,122
1.	Capital	6,916,120	6,971,307
1.1.	Authorised (subscribed) or primary capital	6,971,307	6,971,307
1.2.	Subscribed capital unpaid (-)	-	-
1.3.	Own shares (-)	(55,187)	-
2.	Share premium account	-	-
3.	Revaluation reserve	-	-
4.	Reserves	317,709	479,319
4.1.	Compulsory reserve	53,280	44,890
4.2.	Reserve for acquiring own shares	264,429	264,429
4.3.	Other reserves	-	170,000
5.	Retained profit (loss)	1,138,375	909,496
5.1.	Profit (loss) for the reporting year	67,269	108,697
5.2.	Profit (loss) brought forward	1,071,106	800,799
6.	Adjustments due to exchange rate change	-	-
7.	Non-controlled part	-	-
E.	Grants, subsidies	7,165	341
F.	Provisions	-	-
1.	Provisions for pensions and similar obligations	-	-
2.	Provisions for taxation	-	-
3.	Other provisions	-	-
G.	Amounts payable and other liabilities	3,092,210	2,510,383
1.	Amounts payable after one year and other long-term liabilities	1,462,632	132,632
1.1.	Debenture loans	1,330,000	-
1.2.	Amounts owed to credit institutions	132,632	132,632
1.3.	Payments received on account	-	-
1.4.	Trade creditors	-	-
1.5.	Amounts payable under the bills and checks	-	-
1.6.	Amounts payable to the entities of the entities group	-	-
1.7.	Amounts payable to the associated entities	-	-
1.8.	Other amounts payable and long-term liabilities	-	-
2.	Amounts payable within one year and other short-term liabilities	1,629,578	2,377,751
2.1.	Debenture loans	-	-
2.2.	Amounts owed to credit institutions	88,421	176,842
2.3.	Payments received on account	160,711	76,565
2.4.	Trade creditors	934,580	1,915,971
2.5.	Amounts payable under the bills and checks	-	-
2.6.	Amounts payable to the entities of the entities group	-	-
2.7.	Amounts payable to the associated entities	-	-
2.8.	Liabilities of tax on profit	-	-
2.9.	Liabilities related to employment relations	250,575	142,153
2.10.	Other amounts payable and short-term liabilities	195,292	66,220
H.	Accruals and deferred income	191	8,780
	Total equity and liabilities	11,471,770	10,879,626

Director



Vilita Skersienė

Head of finance dept.



Egidijus Mikeliūnas

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**

Formulated according to TFAS, not audited

Current period 01 01 2020 - 30 06 2020

EUR

Article No.	Article	I st half of 2020	I st half of 2019	II nd quarter of 2020	II nd quarter of 2019
1.	Net turnover	6,073,788	6,651,262	2,758,569	3,461,546
1.1.	Income for sold goods	5,926,484	6,469,146	2,722,552	3,379,389
1.2.	Income for sold services	147,304	182,116	36,017	82,157
2.	Cost of sales	(5,171,405)	(5,565,289)	(2,337,592)	(2,938,924)
2.1.	Cost price of sold production	(4,923,072)	(5,590,033)	(2,151,481)	(3,020,858)
2.2.	Cost price of sold services	(248,332)	24,744	(186,111)	81,934
4.	GROSS PROFIT (LOSS)	902,384	1,085,973	420,978	522,622
5.	Selling expenses	(328,474)	(387,623)	(88,356)	(172,149)
6.	General and administrative expenses	(655,194)	(689,938)	(285,719)	(301,770)
7.	Other operating results	142,192	93,238	59,414	31,170
7.1.	Income	509,531	507,753	172,795	227,675
7.2.	Expenses	(367,340)	(414,516)	(113,381)	(196,506)
8.	Income from investments to the shares of parent, subsidiaries and associated entities	-	-	-	-
9.	Income from other long-term investments and loans	17,760	17,662	8,880	8,880
10.	Other interest and similar income	9,090	7,079	4,493	589
11.	The impairment of the financial assets and short-term investments	-	-	-	-
12.	Interest and other similar expenses	(20,488)	(14,144)	(14,514)	(7,906)
13.	PROFIT (LOSS) BEFORE TAXATION	67,269	112,247	105,175	81,436
14.	Tax on profit	-	(3,256)	-	52
15.	PROFIT (LOSS) BEFORE MINORITY INTEREST SEPARATION	67,269	108,991	105,175	81,488
16.	Earnings (loss) per share	0.003	0.005	0.004	0.004

Director

Vilita Skersienė

Head of finance dept.

Egidijus Mikeliūnas

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Current period 01 01 2020 - 30 06 2020

EUR

	Paid-up authorized capital	Additions to shares	Pro-proprietary shares (-)	Revaluation reserve (results)		Law covered reserves		Other reserves	Profit (loss) brought forward	The influence of currency rate change	Not controlled part	Total
				Long-term tangible assets	Financial assets	Obligatory	Proprietary shares procurement					
	1	2	3	4	5	6	7	8	9	10	11	12
Remainder on 31 December, 2018	6,971,307	0	0	0	0	290	0	170,000	1,109,829	0	0	8,251,426
Profit (loss) not recognised in the statement of profit or loss and other comprehensive income												0
Net profit (loss) of the reporting period									108,974			108,974
Formed reserves						44,600	264,429		(309,029)			
Liquidates reserves												0
Remainder on 30 June, 2019	6,971,307	0	0	0	0	44,890	264,429	170,000	909,774	0	0	8,360,400
Profit (loss) not recognised in the statement of profit or loss and other comprehensive income												0
Net profit (loss) of the reporting period									(277)			(277)
Formed reserves												0
Liquidates reserves												0
Remainder on 31 December, 2019	6,971,307	0	0	0	0	44,890	264,429	170,000	909,496	0	0	8,360,122
Profit (loss) not recognised in the statement of profit or loss and other comprehensive income												0
Net profit (loss) of the reporting period									437,269			437,269
Share of profit allocated to dividends									(370,000)			(370,000)
Own shares acquisition			(55,187)									
Formed reserves						8,390			(8,390)			0
Liquidates reserves								(170,000)	170,000			0
Remainder on 30 June, 2020	6,971,307	0	(55,187)	0	0	53,280	264,429	0	1,138,375	0	0	8,372,204

Director



Vilita Skersienė

Head of finance dept.



Egidijus Mikeliūnas

CONSOLIDATED STATEMENT OF CASH FLOWS

Current period 01 01 2020 - 30 06 2020

Formed in direct pattern, not audited

EUR

Article No.	Articles	1 st half of 2020	1 st half of 2019
I.	Cash flows from operating activities		
I.1.	Cash inflows of the reporting period (VAT included)	7,603,346	8,231,857
I.1.1.	Cash inflows from customers	7,396,722	8,018,888
I.1.2.	Other inflows	206,624	212,969
I.2.	Cash outflows of the reporting period	(7,065,333)	(8,030,814)
I.2.1.	Cash paid to suppliers of raw materials, goods and services (VAT included)	(6,385,168)	(7,253,066)
I.2.2.	Cash outflows related to employment relations	(597,633)	(702,356)
I.2.3.	Taxes paid into the budget	(36)	(3,480)
I.2.4.	Other payments	(82,496)	(71,912)
	Net cash flows from operating activities	538,013	201,043
II.	Cash flows from investing activities		
II.1.	Acquisition of fixed assets (excluding investments)	(31,399)	(40,360)
II.2.	Disposal of fixed assets (excluding investments)	303,105	-
II.3.	Acquisition of long-term investments	-	-
II.4.	Disposal of long-term investments	-	-
II.5.	Loans granted	-	-
II.6.	Loans recovered	-	-
II.7.	Dividends received	-	-
II.8.	Interest received for loans granted and investment	-	-
II.9.	Other increases in cash flows from investing activities	-	-
II.10.	Other decreases in cash flows from investing activities	-	-
	Net cash flows from investing activities	271,706	(40,360)
III.	Cash flows from financing activities		
III.1.	Cash flows related to entity's owners	(55,187)	-
III.1.1.	Issue of shares	-	-
III.1.2.	Owner's contributions to cover losses	-	-
III.1.3.	Purchase of own shares	(55,187)	-
III.1.4.	Dividends paid	-	-
III.2.	Cash flows related to other financing sources	1,234,599	(97,934)
III.2.1.	Increase in financial debts	1,330,000	-
III.2.1.1.	Loans received from credit institutions	-	-
III.2.1.2.	Loans received from associated and third parties	1,330,000	-
III.2.1.3.	Issue of bonds	-	-
III.2.2.	Decrease in financial debts	(95,401)	(97,934)
III.2.2.1.	Loans returned to credit institutions	(88,421)	(88,421)
III.2.2.2.	Loans returned to associated and third parties	-	-
III.2.2.3.	Redemption of bonds	-	-
III.2.2.4.	Interest paid	(6,980)	(9,513)
III.2.2.5.	Finance leases payments	-	-
III.2.3.	Interests received for bank accounts	-	-
III.2.4.	Increase in other liabilities of the entity	-	-
III.2.5.	Decrease in other liabilities of the entity	-	-
III.3.	Other increases in cash flows from financing activities	158	1,128
III.4.	Other decreases in cash flows from financing activities	-	-
	Net cash flows from financing activities	1,179,570	(96,806)
IV.	Adjustments due to exchange rates on the balance of cash and cash equivalents	436	(1,703)
V.	Increase (decrease) of net's cash flows	1,989,725	62,174
VI.	Cash and cash equivalents at the beginning of the period	381,447	615,228
VII.	Cash and cash equivalents at the end of the period	2,371,172	677,402

Director



Vilita Skersienė

Head of finance dept.



Egidijus Mikeliūnas

EXPLANATORY MEMORANDUM OF INTERIM CONSOLIDATED FINANCIAL STATEMENTS

30 June, 2020

1. General

The Linas company was launched in 1957. A public limited company Linas (further called the Company) was registered on 8 March, 1993, the number of registration is 003429, registration code 147689083, the data are stored with the Register of Legal Entities. The Company is the company of limited property liability. Address: S. Kerbedzio Street 23, Panevezys; LT-35114. Telephone (370-45) 506100, fax (370-45) 506345. E-mail address: office@linas.lt; web page: www.linas.lt .

As of 30th of June, 2020, the Linas AB group of companies (further called as the Group) consisted of holding company Linas AB and it's affiliated company UAB Lino apdaila. UAB Lino apdaila was registered on May 23, 2008 at Legal entity register, registration No.114552, company code 301733421. Affiliated company is registered at address S. Kerbedzio Street 23, Panevezys. AB Linas own 100 % of affiliated company shares.

The shares of Linas AB are included into the current sales list of AB NASDAQ OMX Vilnius.

Authorized capital of Linas AB is 6,971,307.10 Eur, it is divided into 24,038,990 ordinary registered shares the nominal value of which is 0.29 Eur, there are no issued and not paid shares. There were no changes in authorized capital during accounting period.

The Company and its affiliated company do not have subsidiaries and representatives.

On 30st of June, 2020 the average number of listed employees of the Group was 122, on 30th of June, 2019 – 133 employees.

The Group's main activity is the production and sale of textiles. The main activities of the public limited liability company "Linas" are trading in linen textiles and provision of services; other activities carried out by the Company are the management of financial assets (shares and granted loans), heat supply, rental of property, revenues from accounting and administration services. The activities of UAB "Lino apdaila" are the provision of textile production services, i.e. textile production sewing services.

AB "Linas" Group of company supplies services from yarns preparation for dyeing till the presentation of final product to the customer.

AB "Linas" Group of company weaves natural, dyed, printed, two-plyed, jacquard linen and half linen fabrics, sews home textile items and garments.

The exclusivity of the company is that produced linen products are natural, ecological and long-lived. Company accepts individual orders to suit customers' demand, which require exclusivity, and stock collection to the customers who requires quick delivery terms.

The main incomes of Group of companies of 6 months of year 2020 were received from textile items sales activities and the services of textile items production.

During the 6 months of year 2020 the Group ordered to produce or to treat technologically: linen and tow yarns – 27 tons (6 months of year 2019 – 36 tons); raw fabrics – 280 thousand mtrs (6 months of year 2019 – 415 thousand mtrs); ready-made fabrics – 822 thousand mtrs (6 months of year 2019 – 1.037 thousand mtrs). 16 % of all produced fabrics were used for sewn items during 6 months of year 2020 (6 months of year 2019 – 20.4 %).

During 6 months of year 2020 the Group produced 509 thousand pcs sewn items (during 6 months of year 2019 – 420 thousand pcs), using 208 thousand mtrs of ready-made fabrics (during 6 months of year 2019 – 216 thousand mtrs).

The volume of exports during 6 months of 2020 was 69.2 % of the total product sales.

Linas AB group of companies sold linen textile goods and services for 6,074 thousand Eur during the 6 months of 2020. Comparing to the 6 months of 2019 the volume of sales decreased by 577 thousand Eur or 8.7 %.

During six months of 2020 the Group received 67 thousand Eur profit before taxation, the result of the same period of 2019 was 112 thousand Eur profit. During the 1st half of year 2020 the Group's sales and production volumes decreased compared to the same period last year due to local and foreign trade restrictions imposed during the global pandemic.

145 thousand Eur credit sum is granted to the Company acc.to the account lending contract which was signed between the bank and AB "Linus" on 2012 04 10. Company's reserves, the balancing value of which are 1.448 thousand Eur acc. to the mortgage sheets, are mortgaged for the credit sum. UAB "Lino apdaila" is guarantee for all credit sum and term to ensure credit sum. The validation term of account credit contract is till March 31, 2023. Alternate interests are paid for used credit, which are accounted as three months term Eur EURIBOR plus bank margin.

Acc.to the financial obligations limit contract signed between the bank and AB "Linus" on 07 10 2013, the credit of 290 thousand Eur is granted to the Company, for which company resources are mortgaged with the latest mortgage, the balance value of which acc.to the mortgage sheets are 1.448 thousand Eur. For the insurance of credit sum the warranty for all credit sum and term is received from UAB "Lino apdaila". The validation term of the financial obligations limit contract is till September 30, 2020. Alternate interests are paid for used credit, which are accounted as six months term Eur EURIBOR plus bank margin.

According to the credit agreement, concluded on 26 09 2016 between the bank and Linus AB, the credit, amounting to EUR 840 thousand, was granted to the Company. In order to ensure the performance of the Company's obligations to the bank the maximum mortgage agreement was concluded, according to which the immovable property of Linus AB is mortgaged and surety ship of Lino Apdaila UAB is granted for the entire amount and period of credit. The time period of the credit agreement is till 15 September 2021. Alternate interests are paid for used credit, which are accounted as six months term Eur EURIBOR plus bank margin.

According to the credit agreement, concluded on 17 04 2020 between Verslo dizainas, UAB and Linus, AB, the credit, amounting EUR 1,330 thousand, was granted to the Company. The time period of the credit agreement is till 30 April 2023. Alternate interests are paid for used credit, which are fixed.

Only significant information is presented in this explanatory memorandum which reflects accounting period economic operations and economic events which have the impact on financial state and results of the Group's accounting period. Data presented in interim financial statements and explanatory memorandum are corresponding International Financial Reporting Standards (IFRS) which are accepted to apply in the European Union (there are no deviation from international standards).

2. Accounting policy

The Group executes accounting and prepares financial statements in accordance with the legal provisions of bookkeeping and accounting, and financial reporting of the Republic of Lithuania, as well as other relevant provisions, including International Financial Reporting Standards (IFRS) which are accepted to apply in the European Union (EU).

Accounting policy was not changed during the interim accounting period. The same accounting guidelines, accounting methods and rules are the same for interim financial statements as for annual financial statements.

3. Notes of the memorandum

3.1. The information about the changes Group's long-term intangible assets and long-term tangible assets is presented in tables 1 and 2.

3.2. The status of the investment property during the reporting period is presented in table 2 "Changes of investment property".

3.3. Usual business income of the Group comprises the revenues generated by the sale of the products, i.e. fabrics, sewn items, yarn; by provision of production manufacturing services. The information about textiles items production business branches and geographical areas segments

disclosed in tables 3 and 4. It is impossible to attribute property and liabilities of the Group to abstracted segments.

3.4. The information on Group's selling, general and administration expenses (Table 5 "Selling expenses, general and administration expenses").

3.5. The information on the cost and revenues of other activity of the Group (Table 6 "Other activity").

3.6. Financial and investment activity of the Group, revenues and costs shown by material items in table 7 "Financial and investment activity".

3.7. Basic the profit for one share is calculated dividing net profit (loss) of period in weighted average of ordinary shares issued during the period. The Group hasn't potentially converting ordinary shares, so the diluted profit attributed to one share correspond the basic profit which is given for one share. The information about the profit which is given for one share is presented in table (Table 8 "Earnings (loss) per share").

3.8. The monetary assets and liabilities items were converted into Eur at the currency rate of the balance making date.

3.9. Important events after the last day of interim financial period:

- During 25 June, 2020 – 9 July, 2020 and 16 July, 2020 – 30 July, 2020 own shares acquisitions through AB "Nasdaq Vilnius" Stock Exchange and 3 August, 2020 – 28 August, 2020 own shares acquisition through AB "Šiaulių bankas" on a commission basis was acquired 302,039 shares, which are 1.26% of all shares. After own shares acquisition AB "Linas" holds 853,909 shares or 3.55 per cent of its own shares.

Table 1

CHANGES OF LONG-TERM INTANGIBLE ASSETS

EUR

Indicators	Assets arising from development	Goodwill	Software	Concessions, patents, licenses, trademarks and similar rights	Other intangible assets	Advance payments	Total
Residual value at the end of previous financial year	0	0	46,430	0	0	0	46,430
a) Procurement cost price of fixed intangible assets							
At the end of previous financial year	0	0	104,694	0	0	0	104,694
Changes of financial year	0	0	2,200	0	0	1,100	3,300
· Procurement of assets			2,200			1,100	3 300
· Written-off property because of the accounting evaluation change (-)							
· Assets, transferred to other individuals and discarded (-)							
· Transcription from one article to another +/-(-)							
At the end of interim accounting period	0	0	106,894	0	0	1,100	107,994
b) Amortization							
At the end of previous financial year	0	0	58,265	0	0	0	58,265
Changes of financial year	0	0	4,059	0	0	0	4,059
· Written-off property because of the accounting evaluation change (-)							
· Financial year amortization			4,059				4,059
· Restorational records (-)							
· Assets, transferred to other individuals and discarded (-)							
· Transcription from one article to another +/-(-)							
At the end of interim accounting period	0	0	62,324	0	0	0	62,324
c) Residual value at the end of interim accounting period (a) - (b)	0	0	44,571	0	0	1,100	45,671

Table 2

CHANGES OF LONG-TERM TANGIBLE ASSETS

EUR

Indicators	Land	Buildings and structures	Machinery and plant	Vehicles	Other equipment, fittings and tools	Investment property	Advance payments and tangible assets under construction (production)	Total
Residual value at the end of previous financial year		1,274,217	267,003	87,787	15,797	373,901	0	2,018,705
a) Procurement of cost price fixed tangible assets								
At the end of previous financial year		1,585,638	1,323,762	247,679	61,124	415,901	0	3,634,104
Changes of financial year		0	(587,027)	(49,840)	991	0	0	(635,876)
· Procurement of assets					991			991
· Written-off property because of the accounting evaluation change (-)								
· Assets, transferred to other individuals and discarded (-)			(587,027)	(49,840)				
· Transcription to short-time assets +/-(-)								
· Transcription from one article to another +/-(-)								
At the end of interim accounting period		1,585,638	736,735	197,838	62,115	415,901	0	2,998,227
b) Revaluation								
At the end of previous financial year								0
Changes of financial year								
· Increase (decrease) of value +/-(-)								
· Assets, transferred to other individuals and discarded (-)								
· Transcription from one article to another +/-(-)								
At the end of interim accounting period								
c) Depreciation (-)								
At the end of previous financial year		311,421	1,056,759	159,891	45,327	0	0	1,573,398
Changes of financial year		53,095	(330,962)	(28,345)	3,322	0	0	(302,890)
· Written-off property because of the accounting evaluation change (-)								
· Depreciation of financial year		53,095	20,671	8,748	3,322			85,836
· Restorational records (-)								
· Assets, transferred to other individuals and discarded (-)			(351,633)	(37,093)				(388,726)
· Transcription from one article to another +/-(-)								
At the end of interim accounting period		364,516	725,797	131,545	48,649			1,270,507
d) Decrease of value								
At the end of previous financial year		0	0	0	0	42,000	0	42,000
Changes of financial year		0	0	0	0	0	0	0
· Decrease of value of financial year								
· Restoration records (-)								
· Assets, transferred to other individuals and discarded (-)								
· Transcription from one article to another +/-(-)								
At the end of interim accounting period		0	0	0	0	42,000		42,000
e) Residual value at the end of interim accounting period (a) + (b) - (c) - (d)		1,221,122	10,938	66,293	13,466	373,901	0	1,685,719

Table 3

INFORMATION ABOUT SEGMENTS OF TEXTILE PRODUCTS PRODUCTION BUSINESS

EUR

Indicators	Segments (production, goods, types of activity)										All enterprises	
	Fabrics		Sewn products		Yarns		Production services					
	I st half of 2020	I st half of 2019	I st half of 2020	I st half of 2019	I st half of 2020	I st half of 2019	I st half of 2020	I st half of 2019	I st half of 2020	I st half of 2019	I st half of 2020	I st half of 2019
Income	4,090,034	4,614,971	1,815,359	1,841,060	21,092	13,115	147,303	182,115	6,073,788	6,651,261		
Cost price	3,497,835	3,819,037	1,391,674	1,626,374	33,563	12,458	248,333	107,419	5,171,405	5,565,289		
Gross profit (losses)	403,325	795,934	117,004	214,686	252	657	42,769	74,696	902,384	1,085,973		
Selling expenses, general and administrative expenses									983,668	1,077,561		
Profit (losses) on main activity	403,325	795,934	117,004	214,686	252	657	42,769	74,696	(81,284)	8,412		

Table 4

INFORMATION ABOUT GEOGRAPHICAL SEGMENTS OF TEXTILE ITEMS PRODUCTION

EUR

Indicators	Segments (regions)										All enterprises	
	Scandinavian countries		European countries		USA		Lithuania		Other countries			
	I st half of 2020	I st half of 2019	I st half of 2020	I st half of 2019	I st half of 2020	I st half of 2019	I st half of 2020	I st half of 2019	I st half of 2020	I st half of 2019	I st half of 2020	I st half of 2019
Income	703,156	1,163,880	2,497,905	2,633,097	187,391	208,968	1,869,241	1,900,222	816,095	745,094	6,073,788	6,651,261
Cost price	564,958	907,459	2,091,254	2,248,990	137,008	159,252	1,687,536	1,614,817	690,649	634,770	5,171,405	5,565,289
Gross profit (losses)	120,347	256,421	211,680	384,107	25,932	49,716	140,678	285,405	64,713	110,324	902,384	1,085,973
Selling expenses, general and administrative expenses											983,668	1,077,561
Profit (losses) on main activity	120,347	256,421	211,680	384,107	25,932	49,716	140,678	285,405	64,713	110,324	(81,284)	8,412

Table 5

SELLING EXPENSES, GENERAL AND ADMINISTRATIVE EXPENSES

EUR

Run No.	Indicators	I st half of 2020	I st half of 2019
1	Selling expenses	328,474	387,623
1.1	Expenses on commissions	117,825	114,545
1.2	Expenses on transporting of sold production	9,077	33,791
1.3	Expenses on production advertising and fair	50,210	73,446
1.4	Expenses on sales number employees wage and other with employees related relations	109,762	138,562
1.5	Evaluate of customers creditworthiness and insurance costs of marketable credits	9,749	12,349
1.6	Other sales expenses	31,851	14,929
2	General and administrative expenses	655,194	689,938
2.1	Expenses related with employees wage and other with employees related relations	348,397	346,497
2.2	Rent, exploitation and repairing expenses	130,886	160,520
2.3	Expenses of security services	16,291	16,291
2.4	Expenses of deterioration and amortization of non-current asset	65,746	50,502
2.5	Expenses of info technologies	17,385	17,746
2.6	Connection expenses	6,001	5,354
2.7	Expenses of bank services	8,904	10,223
2.8	Legal services expenses	3,400	19,478
2.9	Expenses of support provided	1,120,	11,672,
2.10	Expenses of social guarantees, stated in collective agreement	5,655	1,014
2.11	Representation expenses	2,111	5,614
2.12	Expenses of activity tax	822	4,308
2.13	Low-value assets acquisition expenses	1,706	1,199
2.14	Expenses of impairment of assets	0	1,582
2.15	Various other general and administrative expenses	46,770	37,937
3	TOTAL SELLING EXPENSES, GENERAL AND ADMINISTRATIVE EXPENSES	983,668	1,077,561

Table 6

OTHER ACTIVITY

EUR

Run.No.	Indicators	I st half of 2020	I st half of 2019
1.	INCOME OF OTHER ACTIVITY - TOTAL	509,531	507,753
	Specification of significant amount:		
1.1.	Gains on disposals of long-term assets	32,279	
1.2.	Income of various storages selling	160,377	67,510
1.3.	Income of rent	90,158	101,597
1.4.	Income for accounting and administration services	14,700	29,400
1.5.	Income for thermal heating supply	211,601	306,915
1.6.	Various other non-typical activity income	416	2,331
2.	EXPENSES OF OTHER ACTIVITY - TOTAL	367,340	414,516
	Specification of significant amount:		
2.1.	Losses on disposal of long-term assets	0	
2.2.	Net cost of sold various storages	132,334	51,998
2.3.	Net cost of rent	23,841	55,377
2.4.	Costs for accounting and administration services	14,507	29,013
2.5.	Costs for thermal heating supply	196,658	278,113
2.6.	Various other non-typical activity expenses	0	15
3.	RESULTS OF OTHER ACTIVITY (1-2)	142,192	93,238

Table 7

FINANCIAL AND INVESTMENT ACTIVITY

EUR

Run.No.	Indicators	I st half of 2020	I st half of 2019
1.	FINANCIAL AND INVESTMENT ACTIVITY INCOME - TOTAL	26,850	24,741
	Specification of significant amount:		
1.1.	Incomes of other long-term investments and loans	17,760	17,662
1.1.1.	Income of other interests	17,760	17,662
1.1.2.	Income of bank interests	0	0
1.2.	Incomes of other interest or similar incomes	9,090	7,079
1.2.1.	Fines and penalties for the drawn debts	0	0
1.2.2.	Positive result of changes of currency exchange	9,090	7,079
2.	FINANCIAL AND INVESTMENT ACTIVITY EXPENSES - TOTAL	20,488	14,144
	Specification of significant amount:		
2.1.	Costs of interest and other similar costs	20,488	14,144
2.1.1.	Expenses of interest	14,523	9,513
2.1.2.	Fines and delay fees	0	
2.1.3.	Negative result of changes of currency exchange	5,965	4,631
2.1.4.	Expenses of other financial-investment activity	0	
3.	FINANCIAL AND INVESTMENT ACTIVITY RESULT (1-2)	6,362	10,597

Table 8

EARNINGS (LOSS) PER SHARE

Run. No.	Indicators	GROUP	
		I st half of 2020	I st half of 2019
1.	Weighted average number of ordinary shares	24,038,990	24,038,990
2.	Net profit (loss), in EUR	67,269	108,991
3.	Basic and diluted earnings (loss) per share, in EUR	0.003	0.005